

Message Text

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ACTION EB-07

INFO OCT-01 EA-07 IO-10 ISO-00 AF-06 ARA-06 EUR-12 NEA-10

AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-02

INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STRE-00 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 FEAE-00 OMB-01 STR-04 OIC-02 /133 W

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P R 041635Z NOV 75

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 6623

INFO AMEMBASSY CANBERRA

AMEMBASSY MANILA

C O N F I D E N T I A L GENEVA 8312

E.O. 11652: GDS

TAGS: GATT, ETRD

SUBJECT: AUSTRALIA - PHILIPPINES TEXTILE DISPUTE BACK BEFORE TSB

REF: GENEVA 7244

1. AS REPORTED PARA 3 REFTEL, TSB ON SEPT. 20 MADE RECOMMENDATION TO AUSTRALIA AND THE PHILIPPINES TO RESUME BILATERAL NEGOTIATION OF AUSTRALIA'S DISPUTED ART. 3 ACTION AGAINST THE PHILIPPINES. WHILE TSB ASKED BOTH PARTIES TO THE DISPUTE TO "PAY PARTICULAR ATTENTION TO THE PROVISIONS OF ART. 6 AND ANNEX A" THIS REFERENCE WAS, OF COURSE, DIRECTED AT AUSTRALIA.

2. ON OCT. 23, TSB CHAIRMAN WAS INFORMED BY BOTH AUSTRALIAN AND PHILIPPINE MISSIONS HERE THAT NEGOTIATIONS CONDUCTED IN CANBERRA OCT. 21-22 HAD FAILED AND WERE DEFINITELY BROKEN OFF OCT. 22. ON OCT. 30, PHILIPPINE REP (AND FORMER TSB REP) ANTONIO CARAG ARRIVED GENEVA FROM MANILA AND CALLED ON TSB CHAIRMAN REQUESTING OPPORTUNITY APPEAR
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BEFORE TSB TO: A) EXPLAIN REASONS FOR FAILURE NEGOTIA-

TIONS AND B) PROVIDE NEW EVIDENCE OF INCONSISTENCY AUSTRALIA'S ART. 3 ACTION WITH PROVISIONS MFA. WHILE CARAG HAD INITIALLY WANTED EXTRAORDINARY SESSION TSB ON OCT. 31 OR NOV. 3, HE ACCEPTED CHAIRMAN'S SUGGESTION THAT ISSUE BE PLACED ON AGENDA TSB REGULAR SESSION SCHEDULED FOR NOV. 10.

3. CARAG, SINCE ARRIVAL GENEVA, HAS CALLED ON ALL MEMBERS OF TSB AND MADE FOLLOWING POINTS: A) AUSTRALIAN MISSION OFFICIALS MANILA HAD OPENLY INFORMED GOP DELEGATION BEFORE IT DEPARTED FOR CANBERRA THAT IT SHOULD EXPECT NO CONCESSIONS; B) THAT, IN NEGOTIATIONS, GOA OFFICIALS (FOGARTY AND IVES) HAD MADE CLEAR THAT GOA WAS NOT JUSTIFYING RESTRAINTS ON "CUMULATIVE CONCEPT" MARKET DISRUPTION BUT ON GROUNDS THAT PHILIPPINE TEXTILE EXPORTS PER SE WERE DISRUPTIVE; C) THAT GOA DEL PRODUCED NO NEW EVIDENCE TO JUSTIFY FOREGOING CONTENTION; AND, FINALLY, D) GOA MADE ONLY ONE PROPOSAL ON RESTRAINT LEVELS AND THAT WAS LOWER THAN LEVELS OFFERED BY GOA IN ORIGINAL BILATERAL NEGOTIATIONS WITH PHILIPPINES WHICH FAILED AND WERE FOLLOWED BY THE GOA ART. 3 ACTION. CARAG SAID PROPOSAL ON LOWER LEVELS CONVINCED GOP DEL THAT GOA WAS NOT NEGOTIATING IN GOOD FAITH.

4. IF CARAG'S STATEMENTS ARE FACTUAL, AND THEY MUST BE ACCEPTED AS SUCH UNLESS OR UNTIL PROVEN OTHERWISE, THE TSB AND THE MFA HAVE BEEN OPENLY CHALLENGED BY GOA. IN VIEW OF EXTENSIVE AND INTENSIVE TSB DEBATE THIS ISSUE (REFTEL) AND THE RESULTING CONSENSUS ON RECOMMENDATIONS, PARTICULARLY, THE REFERENCE TO ART. 6 AND ANNEX A, MOST TSB MEMBERS ARE CONVINCED GOA PROPOSAL EVEN LOWER RESTRAINT LEVELS MUST BE CONSIDERED AS A CALCULATED CHALLENGE TO TSB WHICH CANNOT BE IGNORED.

5. UNLESS INSTRUCTED TO CONTRARY, US REP PROPOSES TO TAKE LOW PROFILE IN UPCOMING HEARING BUT, SHOULD EVIDENCE SHOW THAT CARAG'S STATEMENTS ARE CORRECT, BELIEVE US REP HAS NO OPTION BUT TO JOIN IN A CONSENSUS WHICH IS CERTAIN TO BE HIGHLY CRITICAL OF GOA. EVERY MEMBER OF BODY REGARDS GOA'S REPORTED ACTIONS IN THE CONFIDENTIAL

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FAILED NEGOTIATIONS AS POSING A "REAL RISK OF DISRUPTION" OF THE MFA WHICH, IF NOT FACED DIRECTLY AND FORCEFULLY, WOULD SERIOUSLY JEOPARDIZE BOTH THE CREDIBILITY AND VIABILITY OF THE TSB.DALE

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